TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 3083 - SB 3201

March 1, 2012

SUMMARY OF BILL: Requires the Department of Human Resources (DOHR) to conduct an exit interview with regular employees. Authorizes the interview to be in person, written, or online. Prohibits attaching or implementing consequences against an employee with whom an exit interview is conducted. Authorizes the Governor to offer certain employees a voluntary buyout in lieu of a reduction-in-force.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $3,900/One-Time
$49,300/Recurring

Other Fiscal Impact – If the positions of employees who accept a buy out are permanently terminated, the decrease in state expenditures is approximately $4,000 per month per employee. The one-time net increase in state expenditures resulting from a buyout of one state employee is approximately $27,600.

Assumptions:

- According to DOHR, an online exit interview can be programmed utilizing existing resources.
- The provisions of the bill establish the purpose of the exit interview is to explore and understand the views of the employee regarding his or her employment experience in order to develop information regarding the improvement and retention of valued employees. To meet the stated purpose of the bill, DOHR will collect and analyze data from the interview in order to provide useful feedback to departments.
- There have been more than 3,800 career service separations during each of the past two fiscal years. DOHR will hire a Research Analyst 2 to collect, review, and analyze the data to investigate and make recommendations about employment practices. The recurring increase in state expenditures for the Research Analyst's salary and benefits is $49,313.
- The Department will purchase office supplies and equipment for the Research Analyst. The one-time increase in state expenditures is $3,910.
- According to DOHR, employees laid off due to a reduction-in-force typically receive a paid 90-day notice. By offering a buyout in lieu of the notice, the estimated decrease in state expenditures per employee is $11,874 ($3,958 average state salary x 3 months).

- Assuming the positions of employees who accept a buyout are permanently terminated, the decrease in state expenditures is $3,958 per month per employee.
- Assuming the voluntary buyout offered to employees will be the same as that offered in FY08-09, employees will receive a base severance of $500 per year of service, four months of base pay, six months of paid COBRA, two years of tuition assistance, advanced longevity, and all accrued leave.
- According to DOHR, an average employee has accumulated 13 years of service. The increase in state expenditures for base severance is $6,500 ($500 per year x 13 years) per employee.
- The increase in state expenditures for four months of base pay is $15,832 ($3,958 salary x 4 months) per employee.
- According to DOHR, the average monthly COBRA premium is $924. The increase in state expenditures is $5,544 ($924 x 6 months) per employee.
- According to the Tennessee Student Assistance Corporation, the maximum annual tuition assistance benefit is $5,800. The estimated increase in state expenditures is $11,600 ($5,800 tuition x 2 years) per employee.
- The estimated total increase in state expenditures for a buyout of one employee is $39,476 ($6,500 severance pay + $15,832 base pay + $5,544 COBRA + $11,600 tuition).
- The net increase in one-time state expenditures is $27,602 ($39,476 buyout cost - $11,874 notice savings) per employee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

/sbh